

CHAPTER LXXXIV.

AN ACT TO AMEND CHAPTER TWENTY-TWO OF THE GENERAL LAWS OF EIGHTEEN HUNDRED AND SIXTY-SEVEN, REGULATING THE INCORPORATION OF SAVINGS ASSOCIATIONS.

Be it enacted by the Legislature of the State of Minnesota:

SECTION 1. Chapter twenty-three of the general laws of eighteen hundred and sixty-seven is hereby amended to read as follows: Any number of persons not less than seven, a majority of whom shall be residents of this state, may associate themselves and become incorporated as a savings association under this act, who shall with their successors constitute a body politic and corporate under the name assumed by them in their articles of association; *Provided*, no such association shall take a name previously assumed by any other such association or bank.

Incorporation of savings associations, how.

To adopt and sign articles of incorporation.

SEC. 2. They shall organize by adopting and signing articles of incorporation, which shall be recorded in the office of the register of deeds in the county where the principal place of business is to be, and also in the office of the secretary of state, in books kept for that purpose.

SEC. 3. Said articles shall contain:

What articles contain.

First—The name of the corporation, the general nature of its business, and the principal place of transacting the same, and the amount of the capital stock of said association.

Second—The time of commencement and period of continuance of said corporation.

Third—The names and places of residence of the persons forming such association, and the amount of capital stock held by each.

Said articles shall be published for four successive weeks in some newspaper printed and published in the city, town or village where the principal place of business is to be, in case a newspaper is so published; if not, then said articles shall be published in some newspaper published at the capital of the state.

Amount of capital stock required.

SEC. 4. Every association shall provide for the payment of not less than fifty thousand dollars for a capital stock, twenty-five per cent. of which shall be paid in before the association shall commence business. The stock thus provided shall be held by the association as a guarantee to its depositors to make good any loss or depreciation in the funds of the association, and shall never be withdrawn or diminished except to

make good such loss or depreciation, and any portion of the capital so used shall be again paid in within ninety days. The stock shall be invested in the same manner hereinafter provided for the investment of the funds of the association. Each stockholder shall receive a certificate for the proportion of the capital owned by him, which shall be transferable only on the books of the association, and shall entitle the holder to participate in the profits of the association, after the depositors shall have been paid such rate of interest as may be provided in the by-laws of the association, not less than six per cent. per annum, to such an extent and in such manner as may be prescribed in the by-laws; and at the dissolution of the association to receive the proportional amount thereof which shall remain after the payment of the depositors.

SEC. 5. When such articles are filed, recorded and published as aforesaid, the persons named as incorporators therein and their successors become a body corporate and politic, and upon complying with the provisions of section one hundred and thirty-eight (nine) of this chapter (act), are authorized to proceed to carry into effect the object of their incorporation in accordance with the provisions of this act, and shall have perpetual succession, sue and be sued by its corporate name, have a common seal, which it may alter at pleasure, establish by-laws and make all rules and regulations deemed expedient for the management of its affairs in accordance with law and not incompatible with an honest purpose.

When authorized to carry into effect the objects of the incorporation.

SEC. 6. The said incorporators of every such association shall constitute a board of trustees, by whom the business of said corporation shall be managed and directed. The said trustees shall elect from their number a president, a vice-president, and such other officers as they may deem proper, and a majority of said trustees of whom the president or vice-president shall be one, shall form a quorum for the transaction of business, and the affirmative vote of at least a majority of the members of the board shall be required in making any order for or authorizing any investment of any money, or the sale or transfer of any stock or securities or other property, real or personal, belonging to the corporation, or the appointment of any officer receiving any salary therefrom.

What to constitute board of trustees—power of.

SEC. 7. All vacancies by death, resignation or otherwise, in the office of trustees, shall be filled by the board by ballot without unnecessary delay, and at least a majority of the votes of the surviving trustees shall be necessary for the election of any trustee. The said trustees shall [hold] a regular meeting at least once in each month to receive the reports of their officers as to the business and affairs of the incorporation, and to transact such business as may be necessary; and any trustee omitting to attend the regular meetings of the board for six months in succession, may thereupon at the election of said board be considered as having vacated his place, and a successor may be elected to fill the same. The district court of the

Vacancies, how filled.

judicial district wherein such association may have its principal place of business, may at any time for due cause shown, remove any trustee on proper notice to such trustee, and affording him an opportunity to be heard in his defense.

The general business and object of such corporations—rates of interest, how regulated.

SEC. 8. The general business and object of such corporation shall be to receive on deposit such sums of money as may from time to time be offered therefor by mariners, tradesmen, clerks, mechanics, laborers, minors, servants and others, and to invest the same for the use, interest and advantage of the said depositors and their legal representatives as hereinafter prescribed by this act; but no association incorporated or doing business pursuant to the provisions of this act, shall possess or exercise any banking powers except such as are expressly conferred by this act. And the said corporation shall receive on deposit all sums of money which may be offered for the purpose of being invested as aforesaid, which shall as soon as practicable be invested accordingly, and shall be repaid to such depositor when required, at such times, with such interest, and under such regulations as the board of trustees shall from time to time prescribe, which regulations shall be put in some public and conspicuous place in the room where the business of such corporation shall be transacted; but no by-law or regulation shall be adopted by said trustees whereby any sum amounting to one dollar or upwards shall be refused by such corporation when offered as a deposit by any individual, and the regulation so adopted shall not be altered so as to effect any deposit previously made. No president, vice-president, trustee or officer, or servant of such corporation, shall directly or indirectly borrow the funds of such corporation or its deposits, or in any manner use the same in their private affairs or business. All certificates or other evidence of deposits made by the proper officers of such corporation, shall be as binding upon the corporation as if made under the common seal. It shall be the duty of the trustees of said association to regulate the rates of interest to be allowed the depositors; but said trustees shall receive no pay, salary, emolument or profit until after the interest at the rate of six per cent. per annum shall have been allowed the depositors, in accordance with the regulations of the institution.

In what funds to be invested.

SEC. 9. At least half of the whole amount deposited shall be invested in the stocks or other securities of the United States or of this state, on which interest is regularly paid, or loaned on unencumbered real estate worth at least double the amount to be secured; the remainder may be invested in said stocks or loaned on the aforesaid securities, or upon approved personal security, and to buy and sell exchange, but no loan shall be made upon the personal security of less than two responsible individuals or collateral security to be approved by the trustees; *Provided*, no loan (upon personal security) shall be made to any one person or co-partnership to an amount exceeding ten thousand dollars.

Sec. 10. Every trustee shall be the owner and holder of at least one thousand dollars of the stock of said association, and before entering upon his duties shall execute a bond to the State of Minnesota in the penal sum of five thousand dollars, with two or more securities [sureties] who shall properly justify and be approved of by one of the judges of the district court, conditioned for the faithful discharge of his duties as trustee aforesaid. Said bond shall be recorded in the office of the register of deeds of the county in which the articles of incorporation are recorded, and also in the office of the secretary of state, and thereupon shall be delivered to and remain the custody of the state auditor. In case of a breach of the conditions of said bond any person or persons aggrieved thereby may instigate a suit for damages in his or their own name upon the said bond; *Provided*, leave shall be first granted for that purpose by the judge of the court in which it is proposed to bring suit, and the judgment of the plaintiff in such actions shall be for the amount of damages which he shows himself entitled to in consequence of such breach, and successive action may be in like manner brought upon such bond by persons aggrieved by any breach of the condition thereof, until the amount of the penal sum specified in such bond shall be exhausted, and each of such trustees shall moreover be individually liable to the depositors in a sum equal to the amount the penal bond required in addition to the amount of stock held by them. The district court of the judicial district wherein such corporation may have its principal place of business, may, upon good cause shown in the case of any such corporation, at any [time] increase the amount of the penal bond required of the trustees of such corporation, and the trustees of such corporation shall thereupon enter into new bonds in accordance with the order of the court, and said trustees thereafter shall be held individually liable to the depositors to the amount of the new bonds given in the manner aforesaid; and no corporation under this act shall commence business until all of said corporators shall have given the bonds aforesaid. And in case any trustee elected to fill a vacancy is notified to give a new bond in the manner aforesaid shall fail to give the bond required within twenty days after such election, or notice, his place shall be considered vacant and a new trustee elected in his stead. Such corporation shall be liable to the depositors for the amount of their deposits, with interest allowed in manner aforesaid. Any trustee may resign his office by written notice of his resignation presented at a regular meeting of the board.

SEC. 11. Whenever in the unanimous opinion of the trustees of any such association, their number should be increased beyond the original number of corporators, a certificate to this effect, signed by them all, and stating the number of trustees to be added, shall be filed and recorded in the same manner as the original articles of incorporation, and there-

Minimum amount of stock to be held by trustees—to give bond for faithful performance of duty—in what amount—liabilities.

May increase number of trustees—how.

upon new trustees may be elected by the old board to complete the number as increased; and such new trustees, before entering upon their duties, shall give bonds as required by this act.

May make by-laws, &c.

SEC. 12. The board of trustees shall have power from time to time to make, constitute, ordain and establish such by-laws, rules and regulations as they shall judge proper, for the election of their officers, for prescribing their respective functions, and the mode of discharging the same, for the regulation of the time of meeting of the officers and trustees, and generally for transacting, managing, and discharging the affairs of the corporation; *Provided*, Such by-laws, rules and regulations are not repugnant to this act, to the laws of this state, or the constitution of the United States.

SEC. 13. The real estate which it shall be lawful for said corporation to purchase, hold and convey, shall be—

Real estate, how dealt in.

First.—Such as may be requisite for its immediate accommodation for the convenient transaction of its business.

Second.—Such as shall have been mortgaged to it in good faith for moneys loaned in pursuance of the provisions of this act.

Third.—Such as shall have been purchased at sale upon judgment or decree obtained or rendered for the money so loaned.

And the said corporation shall not purchase, hold or convey real estate in any other case, or for any other purpose; and the said corporation shall not directly or indirectly deal or trade in buying or selling any goods, wares, or commodities whatever, except in cases where it is authorized to do so by the terms of this act, and except such personal property as may be requisite for its immediate accommodation for the convenient transaction of its business.

Books open for inspection—when to make report of condition.

SEC. 14. The books of said corporation shall at all times during their hours of business be open for inspection and examination to the auditor of this state, and such other persons as the legislature or state auditor shall designate or appoint as agent for this purpose. Every association shall make a report of its condition to the state auditor on the first Monday of each January, April, July, and October, and at such other times as the auditor may call for it, under oath of its president or treasurer, attested by at least three of the trustees, showing in detail its liabilities and assets, and specifying its investments under heads of loans on mortgages, loans on collateral security, loans on personal security, bonds and stocks, deposits in banks, cash on hand, which said report shall be published in a newspaper in the town, village or city where such association shall be located. Any officer or clerk of such association who shall willfully make a false oath or affidavit regarding the condition of said association, shall be deemed guilty of a misdemeanor, and upon conviction therefor shall be imprisoned in the state prison of this state for not more

than three years and not less than one year, in the discretion of the court.

SEC. 15. Each association shall set aside annually at least five per cent. of its profits as a contingent fund, to meet extraordinary expenses or losses, until said surplus fund shall amount to twenty per cent. of the capital stock of said association.

To create a contingent fund.

SEC. 16. Whenever any deposit shall be made by any minor, the trustees may at their discretion pay to such depositors such deposit, although no guardian shall have been appointed for such minor, or the guardian of such minor shall not have authorized the drawing of the same, and the check, receipt or acquittance of such minor shall [be] as valid as if the same was executed by a guardian of such minor, or the said minor was of full age, if such deposit was made personally by said minor; and whenever any deposit shall have been made by married women, the trustees may repay the same on the receipts of said depositors, and said receipts shall be a discharge as against third persons.

How business transacted with minors.

SEC. 17. It shall be unlawful for any person, copartnership or corporation to transact the business of a savings bank, or to assume the name of a savings association or bank, unless such person, copartnership or corporation has been duly incorporated under this act or under the act of which this is amendatory.

When unlawful to transact such business.

SEC. 18. Any savings association which has been heretofore incorporated and is now doing business as a savings association or bank, may avail itself of the privileges of this act and shall be subject to all the liabilities prescribed therein. *Provided*, That the special act approved March four, eighteen hundred and seventy-three, entitled an act in relation to "the Minnesota Savings Association," being chapter one hundred and seventeen, special laws eighteen hundred and seventy-three, shall not be affected by this act. *And provided, further*, That nothing in this act contained shall in any manner affect or interfere with the business of the German American Bank, or with the Farmers' and Mechanics' Bank, in the city of St. Paul in this state, which said banks are excepted from the operation of this act.

What associations not to be affected by this act.

SEC. 19. The district court of the judicial district wherein such association may have its principal place of business, may at any time, on the application of any trustee or depositor in such institution, and on reasonable cause shown therefor to the satisfaction of said court, [appoint] one or more persons to examine into the investments thereof, and its affairs and business generally. The books, papers and business of said corporation shall be open and subject to the examination of such person or persons. The trustees, officers and clerks thereof, or any other persons, may be examined on oath by such person or persons, and the said court may confer such further powers on the person or persons so appointed, as they

How affairs and business of bank may be investigated.

may consider necessary for the more thorough examination of the affairs and business of said corporation. The said person or persons so appointed shall report the result of their investigation to said court, and if satisfied thereby that any officer, trustee or servant of said corporation has been guilty of any fraud or misconduct, may remove said person or persons, and make further order, and take such further measures for securing the funds and property of said corporation as the court shall deem expedient.

Punishment for violation of the provisions of this act.

SEC. 20. Any person or association of persons who shall assume the name of a savings bank or association, or hold themselves out to the public as a savings bank or association, and who shall not have been duly organized under this act, or the act of which this is amendatory, shall be deemed guilty of violating the provisions of this act, and on conviction be fined not less than one hundred dollars and not more than two hundred dollars, for every thirty days while so violating this act.

Approved March 9, 1875.

CHAPTER LXXXV.

AN ACT TO REGULATE THE GAUGE OF CERTAIN RAILROADS IN THIS STATE.

Be it enacted by the Legislature of the State of Minnesota :

Uniform gauge of railroads.

SECTION 1. All railroads in this state commonly known as narrow gauge railroads, shall be built of the uniform gauge of three feet.

When act to take effect.

SEC. 2. This act shall take effect and be in force from and after its passage.

Approved March 5, 1875.

CHAPTER LXXXVI.

AN ACT TO PROVIDE FOR THE INSPECTION OF MINERAL OILS FOR ILLUMINATING PURPOSES.

Be it enacted by the Legislature of the State of Minnesota :